

## FEDERAL REQUIREMENTS

To achieve these goals the Social Security Act and the Federal Unemployment Tax Act place a number of requirements on the states. The requirements related to contributions (taxes) are:

- Compensation must be paid through the public employment office or another agency approved by the Secretary of Labor.
- The staff administering the program must be merit staff (state employees).
- \$ All state unemployment contributions must be immediately paid over to the US Secretary of the Treasury and credited to the Unemployment Trust Fund.
- \$ All money withdrawn from the unemployment trust fund shall be used solely for the payment of unemployment compensation. Compensation is defined as cash payments to individuals with respect to their unemployment. The federal definition of unemployment requires the individual to be able and available for work. USDOL interprets this to prohibit means testing or other measures of need.
- \$ Employer contributions must be based upon the business= experience. When available states must use at least three years of experience. Such characteristics as business size and type of business cannot be used to adjust tax rates.
- \$ Public and nonprofit (IRC 501(c) (3)) organizations must participate in the unemployment insurance program but may elect to make payments in lieu of contributions.
- \$ Organizations that elect to make payments in lieu of contributions must reimburse the trust fund amounts equal to the amount of unemployment benefits attributable to employment with the organization.
- \$ No one shall be denied benefits:
  - \$ For refusing a job that requires him or her to join or resign from a union.
  - \$ For refusing a job that is vacant due to a labor dispute.
  - \$ When not available for work while in approved training.
  - \$ Solely because of pregnancy.
  - \$ For refusing a job if the hours, wages, or working conditions are substantially less favorable than those prevailing in the area for similar work.
  - \$ For applying for benefits in a contiguous state or Canada.
- \$ An individual must be offered the opportunity for a fair hearing if denied benefits.
- \$ The state cannot cancel an individual's wage credits except in the case of fraud or a finding of misconduct or the receipt of disqualifying income.
- \$ Instructional, administrative and research staff may not use wages from a public or non-profit educational institution to qualify for benefits or to determine the weekly benefit amount between terms or during vacations if there is a reasonable assurance of returning to work at an educational institution.
- \$ Professional athletes may not use wages from the sport to qualify for benefits between seasons if there is a likelihood of returning to the sport next season.
- \$ An individual who has received benefits during his or her benefit year must have had work since the beginning of such year before qualifying for benefits in the next year.
- \$ Benefits shall not be paid to an alien unless they can lawfully work in US.
- \$ Any information gathered to determine an alien's status must be uniformly asked of all claimants.
- \$ Benefits shall be reduced by an amount equal to a pension if the pension was maintained by a base period employer. However, the state may limit on the amount of the reduction.
- \$ The unemployment agency must make information on claimants available to welfare, child support obligations, public housing and food stamp agencies.

- \$ The state must participate in a program that allows combining an individuals wage credits earned in other states.
- \$ The state shall provide the Secretary of Labor such reports as she requests.
- \$ The state shall withhold state and federal income taxes from benefit payments upon request of the claimant.